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PACIFIC TELESIS
Group-Washington

October 29, 1996

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EX PARTE

William F. Caton
Acting Secretary
Federal Communications Commission
Mail Stop 1170
1919 M Street, N.W., Room 222
Washington, D.C. 20554

Dear Mr. Caton:

Re: CC Docket No. 95-116, Telephone Number Portability

Pacific Telesis submits the attached information on the costs of local number portability in the above docket. Please associate this material with the above referenced proceeding.

We are submitting two copies of this notice in accordance with Section 1.1206(a)(1) of the Commission's Rules.

Please stamp and return the provided copy to confirm your receipt. Please contact me should you have any questions or require additional information concerning this matter.

Sincerely,

Alan F. Ciamporcero

cc: Jason Karp
Susan McMaster
Mindy Littel

PACIFIC BELL

A Pacific Telesis Company

Local Number Portability
Capital Investment Comparison
LRN vs QoR

October 28, 1996

Pacific Bell Cost Comparison for LRN & QoR

Modeled the LNP implementation costs for the Pacific Bell Network for LRN & QoR Technologies

Model analyzed the initial LNP implementation costs and the impact on continuing network investments

Defined ranges in the model for key variables to characterize the cost sensitivity to competitive pressures:

- 5% & 15% processor utilization growth rate
- 20%, 30%, & 40% of the calls being placed to ported numbers

Pacific Bell's cost analysis identified a savings associated with QoR between $106.2 and $130.4 million over a five year period

The following pages provide the data supporting the range of savings identified in the analysis (showing only the cost elements that vary with the technology deployed)

- Maximum Savings $130.4M – 30%of the calls being placed to ported numbers, & 15% processor growth
- Minimum Savings $106.2M – 40%of the calls being placed to ported numbers, & 5% processor growth

Pacific Bell Cost Model – Maximum Calculated Savings

30% Calls to Ported Numbers & 15% Processor Growth
($M)

LRN	1997	1998	1999	2000	2001	Total
Switch Upgrades	$25.8	$8.6	$27.9	$18.6	$27.9	**$108.8**
Signaling Network Upgrades	$39.0	$13.0	$0.0	$0.0	$0.0	**$52.0**
Software RTU Fee	$56.1	$0.0	$0.0	$0.0	$0.0	**$56.1**
Total Purchase Cost	**$120.9**	**$21.6**	**$27.9**	**$18.6**	**$27.9**	**$216.9**
Installation & Support Costs	$51.0	$10.3	$13.3	$8.9	$13.3	**$96.7**
LNP Cost	**$171.9**	**$31.9**	**$41.2**	**$27.5**	**$41.2**	**$313.6**

QoR	1997	1998	1999	2000	2001	Total
Switch Upgrades	$0.2	$0.3	$19.1	$7.1	$13.4	**$40.1**
Signaling Network Upgrades	$3.3	$0.3	$3.3	$3.1	$3.3	**$13.3**
Software RTU Fee	$76.8	$0.0	$0.0	$0.0	$0.0	**$76.8**
Total Purchase Cost	**$80.3**	**$0.6**	**$22.4**	**$10.2**	**$16.7**	**$130.2**
Installation & Support Costs	$29.1	$0.3	$10.7	$4.9	$8.0	**$53.0**
LNP Cost	**$109.4**	**$0.9**	**$33.1**	**$15.1**	**$24.7**	**$183.2**

Yearly Savings	$62.5	$31.0	$8.1	$12.4	$16.5	**5 Year Savings**
Cumulative Savings	$62.5	$93.5	$101.6	$113.9	$130.4	$130.4
% of Total Savings	47.9%	71.7%	77.9%	87.4%	100.0%	

Estimate does not include common implementation costs

Pacific Bell Cost Model – Minimum Calculated Savings

40% Calls to Ported Numbers & 5% Processor Growth
($M)

LRN	1997	1998	1999	2000	2001	Total
Switch Upgrades	$25.8	$8.6	$0.0	$21.7	$18.6	**$74.7**
Signaling Network Upgrades	$39.0	$13.0	$0.0	$0.0	$0.0	**$52.0**
Software RTU Fee	$56.1	$0.0	$0.0	$0.0	$0.0	**$56.1**
Total Purchase Cost	**$120.9**	**$21.6**	**$0.0**	**$21.7**	**$18.6**	**$182.8**
Support Equipment Costs	$51.0	$10.3	$0.0	$10.3	$8.9	**$80.5**
LNP Cost	**$171.9**	**$31.9**	**$0.0**	**$32.0**	**$27.5**	**$263.3**

QoR	1997	1998	1999	2000	2001	Total
Switch Upgrades	$0.2	$0.3	$0.7	$7.2	$1.5	**$9.9**
Signaling Network Upgrades	$3.3	$0.3	$6.3	$6.3	$9.7	**$25.9**
Software RTU Fee	$76.8	$0.0	$0.0	$0.0	$0.0	**$76.8**
Total Purchase Cost	**$80.3**	**$0.6**	**$7.0**	**$13.5**	**$11.2**	**$112.6**
Support Equipment Costs	$29.1	$0.3	$3.3	$6.4	$5.4	**$44.5**
LNP Cost	**$109.4**	**$0.9**	**$10.3**	**$19.9**	**$16.6**	**$157.1**

Yearly Savings	$62.5	$31.0	($10.3)	$12.1	$10.9	**5 Year Savings**
Cumulative Savings	$62.5	$93.5	$83.2	$95.3	$106.2	$106.2
% of Total Savings	58.9%	88.0%	78.3%	89.7%	100.0%	

Estimate does not include common implementation costs

Definition of Terms

Switch Upgrades include:

- Hardware required to increase switch operating capacity to accommodate the increased load due to LNP, and continuing incremental LNP impact on future upgrades

Signaling Network Upgrades include:

- Addition of ISCPs to the network
- Upgrades to the STP to support LNP
- Additional SS7 signaling links

Software RTU Fee includes:

- Network element software required to add the features that provide LNP functionality

Installation and Support Costs include:

- Installation and maintenance costs associated with the new hardware required for LNP
- Other upgrades associated with additional hardware

Key Analysis Assumptions

All NXX's are portable when the capability is introduced

Network traffic data based on FCC Statistics of Communications Common Carrier data

Network element hardware capacities are based on currently available technology, and are deployed based on Pacific Bell engineering standards

Varying the Processor Utilization Growth was used to identify the ranges of investment required to support LNP and allow for long term network impacts (e.g., Line Growth, Feature Expansion, Service Growth, Customer Migration, etc.)

All switches were assumed to be AIN capable

No switch replacement costs were included in the model

Analysis Methodology

This analysis was conducted using a representative model LATA, and results were factored to represent the impact on the entire Pacific Bell Network

Supplier pricing was used to establish costs for:

- LRN & QoR Software
- Switch Upgrades
- Signaling Network Upgrades

Installation & Support Costs were based on Pacific Bell data

Switch upgrades were estimated using data provided by a telecommunications consultant

While the total cost of LNP implementation was analyzed, this package addresses only those costs elements of the model that varied between the implementation of LRN & QoR